

# **BRANA**

## **OIL & GAS LTD.**

**1984**  
**ANNUAL REPORT**



# BRANA OIL & GAS LTD.

## SELECTED FINANCIAL INFORMATION

	Year Ended December 31	
	1984	1983
Revenue .....	\$ 275,147	\$ 60,227
Net Income (Loss) .....	\$ 58,288	\$ 9,607
Cash Flow from Operations .....	\$ 151,288	\$ 20,907
Working Capital (Deficit) .....	\$ (14,639)	\$ 143,731
Shareholders' Equity .....	\$ 553,132	\$ 494,751
Total Assets .....	\$ 797,071	\$ 613,565

## CORPORATE HIGHLIGHTS

October 1982	Brana commenced operations as a private company.
November 1982	Brana purchased its interest in the St. Anne oil property.
June 1983	Brana closed a \$350,000 public share offering that provided proceeds to the treasury of approximately \$275,000 after expenses. The Company's shares and share purchase warrants are called for trading on the Alberta Stock Exchange.
October 1983	Flow-through share proceeds of \$225,000 were raised privately by management and directors.
December 31, 1983	Completion of Brana's first full year of operations and six months as a public company.
June 1984	Completion of Brana's first full year of operations as a public company.

## CORPORATE PROFILE

Brana Oil & Gas Ltd. is engaged in oil and gas exploration, development and property acquisition.

The Company's common shares are listed on the Alberta Stock Exchange under the symbol BOL. The share purchase warrants were delisted at their expiry date in June, 1984.

Brana has a Canadian Ownership Rating of 100%.

## CORPORATE INFORMATION

### Head Office

200, 625 - 14 Street N.W.  
Calgary, Alberta T2N 2A1

### Officers & Directors

Luigi Soprani, President  
William B. Stinchcombe, Secretary  
Rod Phipps, Vice-President, Production  
D. Douglas Gillies, Treasurer

All of the Officers are Directors of the Company.

### Legal Counsel

McLaws & Company  
Barristers & Solicitors  
407 - 8 Avenue S.W.  
Calgary, Alberta T2P 1E6

### Transfer Agent & Registrar

The Canada Trust Company  
505 - 3 Street S.W.  
Calgary, Alberta T2P 3E6

### Auditors

Vennard Johannesen & Co.  
1700, 801 - 6 Avenue S.W.  
Calgary, Alberta T2P 3W2

### Bankers

Canadian Imperial Bank of Commerce  
Oil & Gas Account Division  
200, 301 - 8 Avenue S.W.  
Calgary, Alberta T2P 1C5

### Stock Listing

The Alberta Stock Exchange  
Stock Symbol — BOL

# President's Report to the Shareholders

## Year in Review

On behalf of Brana's Board of Directors, I am pleased to present this Annual Report. In the twelve months ended December 31, 1984, Brana experienced mixed results with the drilling of twenty-six successful oil wells and three gas wells, of a total forty-one in which the Company participated.

At St. Anne, Brana participated in the drilling of seven wells, resulting in six Banff oil wells and one dry hole. This property is now a major reserve asset. The Company intends to have a complete engineering evaluation performed on St. Anne after construction of the gas gathering and water reinjection facilities are completed. A report should be ready by late summer on what would then be a fully developed property.

Participation in the Morningside/Ponoka program with D.M. Wolcott as program operator, continued during 1984. This investment has been a success for Brana, with a cash offer to purchase our participation share expected by mid summer 1985.

In S.E. Saskatchewan, Brana participated in nineteen wells, of which twelve are oil wells and seven are dry holes. Overall, the 1984 results of this program in S.E. Saskatchewan fell far short of the drilling successes experienced with the same operator during 1983.

Our Pinto farmout wells, expected to be drilled during the second quarter of 1985, are the first of management's internally generated prospects to be drilled. It has taken longer than expected to get to this stage of corporate development, but we are confident of drilling at least three successful oil wells on this prospect.

The Company's reinvestable cash flow increased to \$151,288 for 1984. Due to an overcommitment to new wells and offsets to 1983 wells in S.E. Saskatchewan, this increase was not available to initiate new projects during 1984.

## Future Outlook

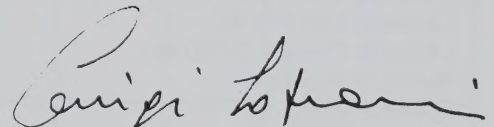
Our existing petroleum and natural gas assets, having had significant development on them during 1984, are forecast to provide cash flow of approximately \$300,000 during calendar 1985. Several new internally generated oil prospects would be initiated with these funds.

Owing to the fact that Brana is a very "clean" company from a financial viewpoint, the Board of Directors has been repeatedly approached by potential merger or takeover proposals. We have at present indicated to no fewer than twelve separate groups our willingness to sell absolute share control of Brana provided that any purchase offer is made pro-rata to all shareholders. It is possible that by the annual meeting in June 1985, we may have reached an agreement in principle with one of the interested parties.

However, should an agreement not be reached with any of Brana's potential suitors, we have had very preliminary discussions with two private companies for a roll-in of their assets for common shares. A minimum of approximately \$100,000 per annum in free cash flow could quickly be added via this method.

I wish to thank the Board of Directors for their continuing unpaid efforts and unrelenting support. Further, I wish to thank our shareholders for their trust and patience, and for accepting the fact that all good projects sometimes take longer to reach fruition than we would otherwise expect.

On behalf of the Board of Directors,



Luigi Soprani  
President  
May 10, 1985



# Exploration Activity & Summary of Operations

## 1984 DRILLING RESULTS

	Gross Wells	Gross Oil Wells	Gross Gas Wells	Gross Suspended or D & A	Brana Net W.I. (%)
<b>ALBERTA</b>					
St. Anne 6-2-55-5 Workover	1	1	—	—	3.0
9-2-55-5	1	1	—	—	3.0
16-2-55-5	1	1	—	—	3.0
1-11-55-5	1	1	—	—	2.5
4-11-55-5	1	1	—	—	2.5
5-11-55-5	1	1	—	—	2.5
11-11-55-5	1	—	—	1	2.5
12-11-55-5	1	1	—	—	2.5
	8	7	0	1	
Morningside/Ponoka	4	2	1	1	***
Gull Lake	1	—	1 (dual zone)	—	***
Whitecourt	1	—	1	—	***
Tees	1	—	—	1	***
Virginia Hills	2	1	—	1	***
Grand Forks	3	3	—	—	***
Hays	1	—	—	1	***
Nipisi	1	1	—	—	***
	14	7	3	4	
<b>SOUTHEAST SASKATCHEWAN</b>					
Alameda 15-14-3-3 W2	1	—	—	1	8.0
Alida North 13-15-6-33 W1	1	—	—	1	8.0
Bellegarde 1-31-6-31 W1	1	1*	—	—	8.0
Browning 6-29-6-5 W2	1	1	—	—	8.0
Creelman 3-18-10-9 W2	1	1**	—	—	8.0
Lightning Creek 6-32-7-33 W1	1	1	—	—	8.0
Midale 15-36-5-12 W2	1	1*	—	—	8.0
Midale 3-32-5-12 W2	1	1*	—	—	8.0
Oakley 3-35-4-33 W1	1	1*	—	—	8.0
Oakley 14-26-4-33 W1	1	—	—	1	1.6
Oakley North 6-2-5-33 W1	1	—	—	1	8.0
Parkman 14-4-9-33 W1	1	1*	—	—	8.0
Rosebank South 12-31-4-31 W1	1	—	—	1	3.2
14-31-4-31 W1	1	1*	—	—	3.2
7-36-4-31 W1	1	1	—	—	3.2
16A-36-4-31 W1	1	—	—	1	3.2
12-24-4-32 W1	1	—	—	1	8.0
Weyburn 8-20-5-1 W2	1	1	—	—	2.4
Weyburn 4A-32-6-12 W2	1	1*	—	—	8.0
	19	12	0	7	
<b>TOTAL</b>	<b>41</b>	<b>26</b>	<b>3</b>	<b>12</b>	

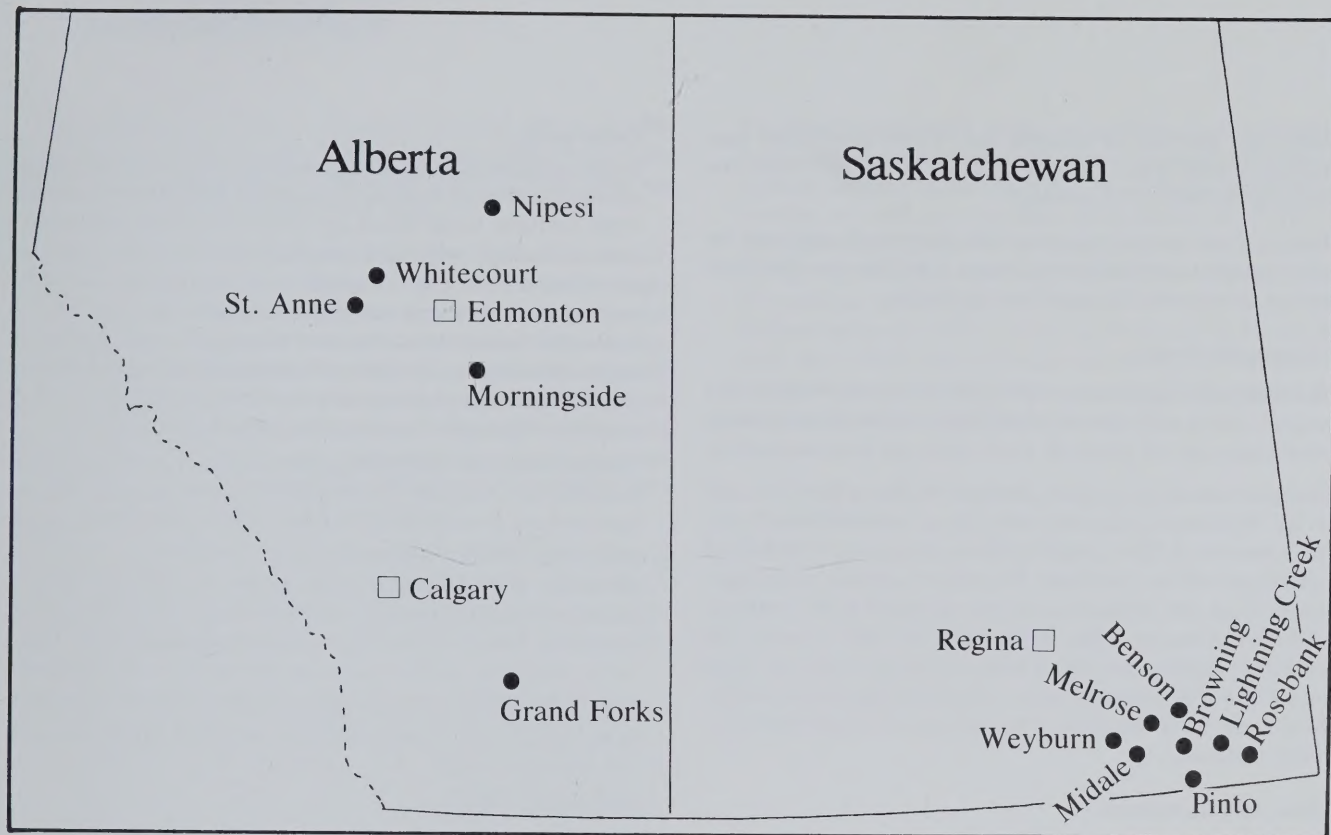
\* Reserves have been assigned to these well locations by McDaniel & Associates Consultants Ltd., however, management considers these wells to be marginal without successful remedial work.

\*\* Indicated oil well. Not completed as at December 31, 1984.

\*\*\* Various minor interests.

Brana was extremely active during 1984, having participated in 41 gross wells in Canada, with the results as shown in the table above. All of the oil production will receive the New Oil Reference Price (NORP). In addition, new Saskatchewan production also receives a twelve month royalty holiday.

The Company did not participate in any projects in the United States during 1984.



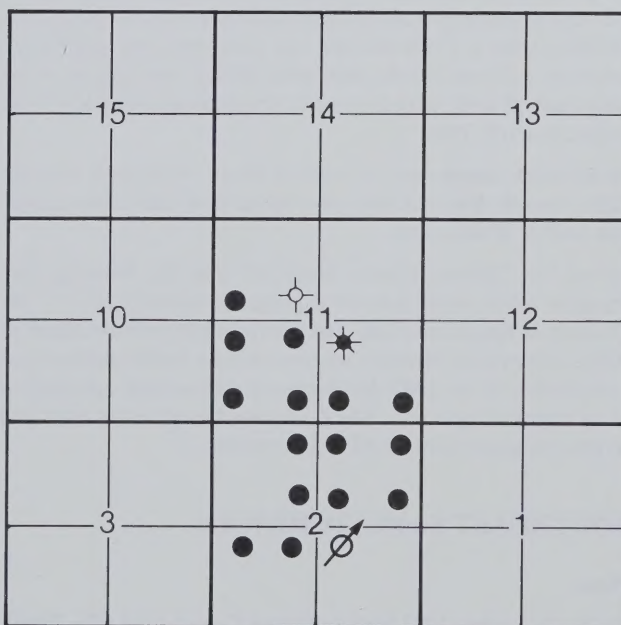
## ALBERTA

### St. Anne

New Banff oil wells were drilled at Lsds. 9 and 16-2-55-5 W5M and at Lsds. 1, 4, 5 and 12-11-55-5 W2M during the year. Three of these wells represent a major pool extension. The wells at 6-2 and 7-2 were successfully worked over as an oil producer and as a water injector well respectively. Brana elected, at casing point, not to participate in completion attempts on the 11-11 well and lost its 2.5% interest in the 40 acre spacing unit. This well was subsequently found to be non-commercial.

Approval from the Energy Resources Conservation Board for concurrent production of the solution gas was received during the third quarter of 1984. Construction of water reinjection facilities and a central oil battery with a 2 million cubic feet per day solution gas processing plant was completed during the final quarter of 1984 and first quarter of 1985.

The project operator has forecast production volumes for 1985 of 700 barrels of oil per day, supplemented by 2 million



St. Anne Field

## LEGEND

● Oil Well in which Brana has a working interest

★ Gas Well

⊗ Service Well

⊕ Dry Hole

□ Brana Oil & Gas Lands



cubic feet per day of solution gas. These production rate increases arise from the new infill wells but also from the lifting of the 60% GOR penalty.

The St. Anne property is now fully developed, and with no new capital expenditures anticipated, it will become the major source of reinvestable cash flow for Brana.

#### Morningside/Ponoka

The Company holds minor interests in 10 gross wells in this project. Three wells are principally gas wells with condensate production, six are gassy oil wells, with one well suspended.

The operators of this project, Morgan Hydrocarbons Ltd. and D. M. Wolcott & Associates Ltd., have indicated that by the third quarter of 1985, plant facilities to process 3 MMcf/d of natural gas will be complete. Facilities to extract natural gas liquids from the production are not expected to be complete until later in January 1986. At that time the NGL revenue will match the revenue generated from natural gas sales. As is the case with our St. Anne property, the gathering and sales of the natural gas from this project will lift the GOR penalties currently imposed.

#### Other Alberta Projects

At Grand Forks, Brana holds minor working interests in two oil wells capable of total initial production rates of 500 barrels of fluid, with a 7% water cut. At year end, one additional location at Grand Forks had been drilled and logged as an indicated oil well, with one more development location to be drilled in early 1985.

Brana holds interests in oil wells at Hays, Nipisi and Virginia Hills, as well as a dual zone gas well at Gull Lake and another gas well at Whitecourt.

All of the "Other Alberta Projects" and the Morningside/Ponoka wells were part of a program initiated by D. M. Wolcott & Associates Ltd. The operator has indicated that an offer to purchase Brana's interest will be forthcoming upon completion of the 1985 development drilling and completion of an engineering study. The Company has invested \$100,000 in this program prior to APIP incentives.

### SOUTHEAST SASKATCHEWAN

#### Pinto

At the December 1983 Saskatchewan Crown land sale, Brana participated to a 10% W.I. in the \$53,932 purchase of 640 acres in the Pinto area. In October 1984, this acreage was farmed out under a one commitment well, one option well agreement. Brana recovered \$5,000 of its land cost and will hold a 3.5% W.I. after payout in the spacing units of the two wells (if both are drilled) and will have the right to participate to its 3.5% W.I. in development drilling on the remainder of the section.

Due to the lack of rig availability and spring break-up, drilling of this well was delayed from December 1984. The commitment well is expected to spud during May 1985.

#### Other areas

Brana participated with Macedon Resources Ltd. in the drilling of nineteen wells in various areas of S.E. Saskatchewan during 1984. Of these wells, seven are D & A locations with twelve indicated as oil wells. Unfortunately, seven of the wells that have had oil reserves assigned to them are considered by management to be only marginally commercial at this time. It is possible that remedial treatment may improve the productive capacities of these wells, however, management has determined that no further corporate funds should be committed to what, in perfect hindsight, is a very disappointing program.

Subsequent to year end, management commenced negotiations to settle the Company's indebtedness to the operator by the sale to them of some of the mutual interest undrilled acreage and certain of the wells evaluated as marginal.

Currently, 95% of Brana's Saskatchewan revenues are derived from the Rosebank project, and individual wells at Browning, Creelman, Benson West, Weyburn and Lightning Creek. These wells represent good production potential with significant reserve accumulations and some room for further development.

In the future, only Brana generated prospects will be drilled in S.E. Saskatchewan.

### PRODUCTION

The Company's total production by quarter for 1984, and comparative figures for 1983, are shown as follows:

1984		
Oil Production (bbls.)		
	Alberta *	Saskatchewan **
First Quarter	738.06	1,096.35
Second Quarter	1,027.85	764.86
Third Quarter	931.36	1,530.36
Fourth Quarter	1,197.24	1,814.04
Production for the year	3,894.51	5,205.60
Average During Year (BOPD)	10.67	14.26
1983		
Oil Production (bbls.)		
	Alberta *	Saskatchewan **
First Quarter	33.50	—
Second Quarter	29.85	—
Third Quarter	328.00	18.90
Fourth Quarter	603.80	413.25
Production for the year	995.15	432.15
Average During Year (BOPD)	2.73	1.18

\* Brana's share of production net of royalties.

\*\* Brana's share of production prior to deduction of royalties.

# Financial Review

Revenue from oil sales increased by \$217,118 to a 1984 production revenue total of \$269,355, providing funds from operations of \$151,288 or \$0.11 per share and net after tax earnings of \$58,288 or \$0.04 per share.

The Company's original projections for 1984 were not met due to receipt of authorization for gas sales from St. Anne late in the year, from production volumes below those anticipated from the S.E. Saskatchewan wells, and from slower development of revenues from the Morningside project than originally anticipated. The increased expense levels experienced by Brana during 1983 are directly related to the higher volumes of oil production. Office and administrative expenses (non-production related) totalled \$29,302 and were principally costs associated with being a public company.

During 1984, the Company incurred \$100,000 of long-term debt, that was utilized to pay for its share of the S.E. Saskatchewan program. Working capital declined to a deficit of \$14,639 from a positive balance of \$143,731 as at December 31, 1983.

Subsequent to year end, Management has negotiated the sale of certain undrilled lands and marginal wells as partial satisfaction of an account payable to the program operator in S.E. Saskatchewan. This sale and the planned sale of the Morningside/ D.M. Wolcott Program wells will wipe out all corporate debts and replenish the Company's bank account.

During the year, discussions were held regarding a major new equity injection from what would have been a new controlling shareholder. These negotiations did not come to fruition, and to raise additional equity capital, a preferred share issue via a rights offering to all shareholders was planned. Subsequent to having negotiated terms and support for the issue from an investment dealer, the Calgary branch office of this firm was closed leaving the Company without access to new capital funding.

The Board of Directors, acting also as Officers of the Company, have worked without remuneration since start-up of Brana as a private company in October 1982. As a reflection of agreements reached at start-up regarding participation in a five year development program for the Company, the Board authorized during the year, the reservation of 500,000 shares of Brana to be available through incentive options for the Officers. These options are exercisable equally at \$0.50 and \$0.75 per share until May, 1989, and recognize past services rendered to the Company and the desire to keep an unpaid management group motivated and involved in the future.

## UNDEVELOPED LAND HOLDINGS, at December 31, 1984

SASKATCHEWAN	Gross Acres	W.I. (%)	Net Acres
Alida	160	8.0	12.80
Browning	240	8.0	19.20
Creelman	320	9.0	28.80
Lightning	1,120	various	99.20
Midale	80	10.0	8.00
Pinto	640	10.0	64.00
Weyburn	80	10.0	8.00
			240.00



BRANA  
Oil & Gas Ltd.

# Statement of Income and Retained Earnings

For The Year Ended  
December 31, 1984

## STATEMENT OF INCOME AND RETAINED EARNINGS

	1984 \$	1983 \$
<b>Revenue</b>		
Production	269,355	52,237
Interest	5,792	7,990
	<u>275,147</u>	<u>60,227</u>
<b>Expenses</b>		
Depletion	75,000	11,300
Production	59,513	15,589
Royalties	56,044	10,835
Audit and accounting	10,016	6,532
Shareholder relations	7,420	5,886
Interest	4,310	3,665
Office	3,124	1,058
Trustee fees	2,118	1,405
Legal and engineering	1,163	—
Promotion	1,151	—
Commissions	—	1,250
	<u>219,859</u>	<u>57,520</u>
<b>Income Before Income Taxes</b>	<u>55,288</u>	<u>2,707</u>
<b>Provision for Income Taxes (Note 8)</b>		
Alberta Royalty Tax Credit	(21,000)	(6,900)
Deferred income taxes	18,000	—
	<u>(3,000)</u>	<u>(6,900)</u>
<b>Net Income</b>	<u>58,288</u>	<u>9,607</u>
<b>Retained Earnings (Deficit) Beginning of Year</b>	<u>5,014</u>	<u>(4,593)</u>
<b>Retained Earnings End of Year</b>	<u>63,302</u>	<u>5,014</u>
<b>Earnings per Share</b>	<u>.048</u>	<u>—</u>
<b>Fully Diluted Earnings per Share</b>	<u>.040</u>	<u>—</u>

See accompanying notes



## BALANCE SHEET

BRANA  
Oil & Gas Ltd.

### Balance Sheet

As At December 31, 1984

	1984 \$	1983 \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and term deposits	4,175	157,612
Accounts receivable (Note 2 and 4)	57,660	35,552
Drilling advances	49,465	69,381
	<u>111,300</u>	<u>262,545</u>
<b>Petroleum Properties (Note 3)</b>	685,771	351,020
	<u>797,071</u>	<u>613,565</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	107,269	31,895
Funds held in trust (Note 5)	18,670	86,919
	<u>125,939</u>	<u>118,814</u>
<b>Long-Term Debt (Note 4)</b>	100,000	—
<b>Deferred Income Taxes</b>	18,000	—
	<u>243,939</u>	<u>118,814</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital (Note 5)</b>	489,830	489,737
<b>Retained Earnings</b>	63,302	5,014
	<u>553,132</u>	<u>494,751</u>
	<u>797,071</u>	<u>613,565</u>

See accompanying notes

APPROVED BY THE DIRECTORS

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



BRANA  
Oil & Gas Ltd.

# Statement of Changes in Financial Position

For The Year Ended  
December 31, 1984

## STATEMENT OF CHANGES IN FINANCIAL POSITION

	1984 \$	1983 \$
<b>Source of Working Capital</b>		
From operations		
Net income	58,288	9,607
Items not requiring the use of working capital:		
Depletion	75,000	11,300
Deferred income taxes	18,000	—
	151,288	20,907
Long-term debt	100,000	—
Share capital issued	93	421,237
	251,381	442,144
<b>Use of Working Capital</b>		
Expenditures on petroleum property	409,751	256,043
<b>Decrease (Increase) in Working Capital</b>	158,370	(186,101)
<b>Working Capital (Deficiency) Beginning of Year</b>	143,731	(42,370)
<b>Deficiency (Working Capital) End of Year</b>	14,639	(143,731)
<b>Deficiency (Working Capital) Represented By:</b>		
Current liabilities	125,939	118,814
Current assets	111,300	262,545
	14,639	(143,731)

See accompanying notes



## Notes to the Financial Statements

For The Year Ended  
December 31, 1984

### 1. Significant Accounting Policies

#### Oil and gas operations —

The Company follows a form of full cost accounting for oil and gas operations whereby all costs of exploring for and developing oil and gas reserves are capitalized. Such costs include land acquisition costs and geological and geophysical expenses. In addition, the cost of drilling both productive and non-productive wells, and overhead expenses related to exploration activities are capitalized.

The accumulated costs together with estimated future capital costs associated with proven reserves, are depleted by the unit of production method which is based on production and estimated proven reserves of oil and gas as determined by independent consultants. In calculating depletion, natural gas reserves and production are converted to equivalent barrels of oil based upon the relative sales value of each product. Proceeds on disposal of properties are ordinarily deducted from accumulated costs without recognition of gain or loss. Any gain or loss realized on the disposition of a major property would be recognized in the statement of earnings.

#### Joint venture accounting —

Substantially all of the Company's exploration and production activities related to oil and gas are conducted jointly with others and accordingly the accounts reflect only the Company's proportionate interest in such activities.

#### Income taxes —

The interperiod tax allocation basis of accounting is used with respect to all differences between the time when costs and revenues are recognized for income tax purposes and when they are recorded for book purposes.

#### Government Incentive Grants —

Grants received under the Petroleum Incentives Program are applied against associated drilling costs prior to the calculation of the depletion allowance.

#### Earnings per share —

Net earnings per share was calculated by dividing net earnings by the weighted average number of shares outstanding during the year.

The fully diluted earnings per share calculation is based on the assumption that share purchase options were exercised at the date of issuance and the funds received therefrom were invested at an annual rate of 10%.

### 2. Accounts Receivable

Accounts receivable consists of the following:

	1984	1983
	\$	\$
Trades receivables	5,967	10,657
Government drilling incentives	20,891	14,407
Alberta royalty tax credit	30,802	7,363
Interest income receivable	—	3,125
	<u>57,660</u>	<u>35,552</u>

### 3. Petroleum Properties

	1984		1983
	Cost	Accumulated Depletion	Net Book Value
	\$	\$	\$
Canadian petroleum and natural gas properties	773,171	87,400	685,771
			<u>351,020</u>



## Notes to the Financial Statements

(continued)

### 4. Bank Indebtedness

Bank indebtedness consists of a demand loan bearing interest at the bank prime rate plus  $\frac{1}{2}$  of 1%. The loan is secured by a general assignment of accounts receivable and a pledge to not encumber the petroleum and natural gas properties. The Bank loan and its terms are subject to annual review. The Company's review for 1985 has not yet been completed. At this time, the Bank does not intend to require repayments of principal nor have formal arrangements been made for principal repayments in subsequent years. Accordingly, no repayment schedule is provided.

### 5. Share Capital

#### (a) Authorized

The company has authorized an unlimited number of common voting, common non-voting, and preferred shares, all without nominal or par value.

#### (b) Issued

Common voting shares

	#	\$
Balance, January 1, 1984*	1,330,134	489,737
Shares issued for cash**	125	93
Balance, December 31, 1984	1,330,259	489,830

\* Pursuant to the flow through share agreement of October 5, 1983, investors placed \$225,000 in trust with the Company. Expenditures of these funds on drilling activity earned common voting shares of the Company at a rate of 1 share for each \$.60 of expenditure.

At December 31, 1983, 230,134 shares were earned but not formally issued. These shares were issued during the year.

During the fiscal year, \$68,249 was returned to the investors under the terms of the agreement.

At December 31, 1984, \$18,670 of the funds held in trust remained unexpended and is to be returned to the investors under the terms of the agreement.

\*\* Class A share purchase warrants were issued as part of the Company's public offering of shares. Two warrants were required to purchase one common voting share of the Company at \$.75 per share on or before June 27, 1984. During the year the Company issued 125 common shares for a total of \$93 cash on the exercise of Class A warrants. The balance of the Class A warrants have expired.

(c) At a meeting of the Board of Directors held on April 24, 1984, share purchase options for the directors totalling 500,000 shares were authorized. One-half of these options are exercisable at \$.50 per share, with the balance at \$.75 per share. The options will expire May 1, 1989.

### 6. Remuneration of Directors and Senior Officers

No remuneration was paid to the directors and officers of the Company as defined in the Alberta Business Corporations Act.

### 7. Related Party Transaction

An officer of the Company participated in the flow through share offering.



## 8. Income Taxes

The difference between the expense recorded and the expected tax expense obtained by applying the statutory Canadian income tax rate to earnings before taxes is summarized as follows:

	1984
	\$
Expected Tax Expense	25,800
Add: Crown Royalties	21,600
Deduct: Alberta Royalty Tax Credit	21,000
Resource allowance	23,000
Depletion on costs with no tax basis	6,400
	<u>(3,000)</u>

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Brana Oil & Gas Ltd. as at December 31, 1984 and the statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Canada  
April 26, 1985

VENNARD JOHANNESSEN & CO.  
Chartered Accountants

## Notes to the Financial Statements

(continued)

BRANA  
Oil & Gas Ltd.

## Auditors' Report to the Shareholders

For The Year Ended  
December 31, 1984











